

**Access Billing**

ILEC's / CLEC's
Meet Point Billing
Switched Access
Special Access
Other Billing Arrangements

Cost Consulting

Separations
Allocations
Accounting
Depreciation
Special Studies

Management Consulting

Regulatory Issues
Earnings Analysis
Tax Planning
Other Customized Services

October 10, 2013

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

**Re: WC Docket Nos. 10-90 and 11-42
2013 FCC Form 481 Annual Report
Study Area Code: 150125**

Dear Ms. Dortch:

On behalf of State Telephone Company, ACM, Inc., as the company's authorized representative, files the enclosed FCC Form 481 Carrier Annual Reporting Data Collection Form, as required by 47 C.F.R. § 54.313 and 54.422.

The FCC Form 481 has been submitted to USAC via its e-file system and copies of that submission are being provided to the FCC and state commission.

Please contact me at (518) 374-2552 if you have any questions regarding this filing.

Sincerely,

Jerry Legg
Senior Consultant
ACM, Inc.

jerry1@acm-costconsulting.com

120 Erie Boulevard, Schenectady, NY 12305

Access Billing: Phone (518) 374-5720 / Facsimile (518) 374-7511 / www.acm-accessbilling.com
Consulting: Phone (518) 374-2552 / Facsimile (518) 374-7511 / www.acm-costconsulting.com

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	150125
<015> Study Area Name	STATE TEL CO
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Jerry Legg
<035> Contact Telephone Number: Number of the person identified in data line <030>	518-374-2552
<039> Contact Email Address: Email of the person identified in data line <030>	jerry1@acm-costconsulting.com

ANNUAL REPORTING FOR ALL CARRIERS			54.313 Completion Required	54.422 Completion Required
(check box when complete)				
<100> Service Quality Improvement Reporting	(complete attached worksheet)		<input checked="" type="checkbox"/>	
<200> Outage Reporting (voice)	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report				
<300> Unfulfilled Service Requests (voice)	0	(attach descriptive document)	<input checked="" type="checkbox"/>	
<310> Detail on Attempts (voice)				
<320> Unfulfilled Service Requests (broadband)				
<330> Detail on Attempts (broadband)				
<400> Number of Complaints per 1,000 customers (voice)			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.0			
<420> Mobile				
<430> Number of Complaints per 1,000 customers (broadband)				
<440> Fixed				
<450> Mobile				
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> 150125ny510	(attached descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> 150125ny610	(attached descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)			
<710> Company Price Offerings (broadband)	(complete attached worksheet)			
<800> Operating Companies and Affiliates	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)			
<1000> Voice Services Rate Comparability	(check to indicate certification)			
<1010> <input type="checkbox"/>	(attach descriptive document)			
<1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)			
<1110>	(complete attached worksheet)			
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)			<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)		
<2005>	(complete attached worksheet)		

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	150125
<015>	Study Area Name	STATE TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jerry Legg
<035>	Contact Telephone Number - Number of person identified in data line <030>	518-374-2552
<039>	Contact Email Address - Email Address of person identified in data line <030>	jerryl@acm-costconsulting.com
<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5	
<111>	year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

- <112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

 Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
- <114> Report how much universal service (USF) support was received
- <115> How (USF) was used to improve service quality
- <116> How (USF) was used to improve service coverage
- <117> How (USF) was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

<010>	Study Area Code	150125
<015>	Study Area Name	STATE TEL CO
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jerryrl@acm-costconsulting.com

-- See attached worksheet --

<010>	Study Area Code	150125
<015>	Study Area Name	STATE TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jerry Legg
<035>	Contact Telephone Number - Number of person identified in data line <030>	518-374-2552
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1/1/2013	

-- See attached worksheet	
--	

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

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July 2013

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	150125
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<020>	Program Year	2014
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<035>	Contact Telephone Number - Number of person identified in data line <030>	518-374-2552
<039>	Contact Email Address - Email Address of person identified in data line <030>	jerryl@acm-costconsulting.com
<810>	Reporting Carrier	State Telephone Company
<811>	Holding Company	
<812>	Operating Company	

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	150125
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jerryl@acm-costconsulting.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes,No, NA)

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	150125
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jerry1@acm-costconsulting.com

<1120> Please check this box to confirm no terrestrial backhaul
options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers
broadband service of at least 1 Mbps downstream and 256 kbps
upstream within the supported area pursuant to § 54.313(G) ☐

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jerryl@acm-costconsulting.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans 150125ny1210

Name of attached document (.pdf)

<1220> Link to Public Website HTTP _____

“Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒

<1222> Details on the number of minutes provided as part of the plan, ☒

<1223> Additional charges for toll calls, and rates for each such plan. ☒

(2000) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

<010>	Study Area Code	150125
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jerry1@acm-costconsulting.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}
- <2011> 3rd Year Certification {47 CFR § 54.313(b)(2)}

☐
☐
Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

- <2012> 2013 Frozen Support Certification
- <2013> 2014 Frozen Support Certification
- <2014> 2015 Frozen Support Certification
- <2015> 2016 and future Frozen Support Certification

☐
☐
☐
☐
Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

- <2016> Certification Support Used to Build Broadband

☐
Connect America Phase II Reporting {47 CFR § 54.313(e)}

- <2017> 3rd year Broadband Service Certification
- <2018> 5th year Broadband Service Certification
- <2019> Interim Progress Certification
- <2020> Please check the box to confirm that the attached PDF , on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.
- <2021> Interim Progress Community Anchor Institutions

☐
☐
☐
☐

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jerry1@acm-costconsulting.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan

(3010)	Milestone Certification {47 CFR § 54.313(f)(1)(i)} Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	<input type="checkbox"/>
(3012)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	Name of Attached Document Listing Required Information	<input checked="" type="checkbox"/> (Yes/No)
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}		<input type="checkbox"/> (Yes/No)
(3014)	If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		<input type="checkbox"/>
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	<input type="checkbox"/> (Yes/No)
(3018)	If the response is no on line 3014, Is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input type="checkbox"/>
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input type="checkbox"/>
(3020)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3021)	Management letter issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input checked="" type="checkbox"/>
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,		<input checked="" type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input checked="" type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input checked="" type="checkbox"/>
(3025)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	150125ny3026

**Certification - Reporting Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	150125
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<035>	Contact Telephone Number - Number of person identified in data line <030>	518-374-2552
<039>	Contact Email Address - Email Address of person identified in data line <030>	jerry1@acm-costconsulting.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	150125
<015>	Study Area Name	STATE TEL CO
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<030>	Contact Name - Person USAC should contact regarding this data	Jerry Legg
<035>	Contact Telephone Number - Number of person identified in data line <030>	518-374-2552
<039>	Contact Email Address - Email Address of person identified in data line <030>	jerry1@acm-costconsulting.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Mark Evans</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Mark Evans
Name of Reporting Carrier:	STATE TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 10/07/2013
Printed name of Authorized Officer:	Mark Evans
Title or position of Authorized Officer:	Vice President
Telephone number of Authorized Officer:	518-731-6128
Study Area Code of Reporting Carrier:	150125 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	STATE TEL CO
Name of Authorized Agent or Employee of Agent:	Jerry Legg
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 10/07/2013
Printed name of Authorized Agent or Employee of Agent:	Jerry Legg
Title or position of Authorized Agent or Employee of Agent:	Senior Consultant
Telephone number of Authorized Agent or Employee of Agent:	518-374-2552
Study Area Code of Reporting Carrier:	150125 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

Service Quality Standards & Consumer Protection Rules Compliance
FCC Form 481, Line 510

The company complies with applicable service quality standards and consumer protections by (1) maintaining and submitting monthly trouble report data to the New York State Public Service Commission (“NYPSC”); (2) reporting major service interruptions to the NYPSC in a manner consistent with its guidelines; (3) filing local service tariffs with the NYPSC and making rate and service information available to the public upon request; (4) clearly listing all charges and credits on customers’ bills; (5) providing full and prompt investigation of, and response to, customer complaints; (6) providing access to enhanced 911 emergency report centers; (7) participating in statewide system for the hearing impaired; (8) complying with federal CPNI rules and other applicable consumer privacy protection requirements, including training of employees that have access to CPNI on the rules and procedures for protecting account information and authenticating callers; and (9) implementing procedures that are consistent with the FTC’s guidance on measures to detect/prevent identity theft (Red Flag).

The company received a commendation from the NYPSC in recognition of its high quality of telephone service in 2012.

State Telephone Company

**Functionality in Emergency Situations
FCC Form 481, Line 610**

Each Central Office and each remote facility has an on-demand generator capable of operating for up to 8 hours before refueling.

The company's network internally is a fiber optic SONET ring among the two main Central Offices and remote offices.

The company's connection to the Bell Operating Company tandem has sufficient capacity and has never had any capacity issues. In addition, the company has fiber connection to the meet point that is separate and distinct from the copper connection.

P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9
Second Revised Page 3
Superseding First Revised Page 3

SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE

1. Lifeline Telephone Service Options

a. Description

1. Lifeline Discounted Service

This service provides a flat rate federal discount of \$9.25, consisting of a \$6.50 reduction of the Federal Subscriber Line Charge and a \$2.75 reduction in the monthly rate for local exchange telephone service for residential customers. Qualified customers may choose any type or grade of local telephone service, including bundled services that are normally offered by the Company.

+

(C)

+

1 A. Additional Lifeline Discount

This service provides the discount as outlined in A.1.a.1 above and may provide an additional discount equal to the serving company's increase in residential basic local exchange service, as authorized by the NYS Department of Public Service in Case No. 07-C-0349, released March 4, 2008, whereby the NY Commission authorized certain companies to increase basic local service rates up to \$2.00 per year for 2 years. The discount can be found on Addendum 1 of the individual Company tariff for those companies offering the Additional Lifeline Discount.

Date Issued: May 30, 2012

Date Effective: July 1, 2012

Issued by: Caroline Hill, Director Tariffs

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany, NY 12210

P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9
First Revised Page 3.1
Superseding Original Page 3.1

SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE

+

(D)

+

Date Issued: May 30, 2012

Date Effective: July 1, 2012

Issued by: Caroline Hill, Director Tariffs

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany, NY 12210

P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9
First Revised Page 4
Superseding Original Page 4

SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE (cont'd)

1. Lifeline Telephone Service Options (cont'd)

b. General

Qualified customers may choose to apply the federal Lifeline credit to any of the company's local service offerings, including any local bundled service offering, basic local service, or message rate service. Message rate Lifeline service is available only where central office facilities permit.

For connection of new service, service connection charges apply unless the customer qualifies for connection assistance under the Tribal Lands Link Up program.

+

Service connection charges do not apply to change existing service from:

(C)

1. Message or flat rate services to Lifeline service.

2. Lifeline service to non-Lifeline services.

+

Issued in Compliance with FCC Order in Dockets: WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23

Date Issued: March 29, 2012

Date Effective: April 29, 2012

Issued by: Robert R. Puckett, President

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany, NY 12211

P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9
First Revised Page 4.1
Superseding Original Page 4.1

SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE (cont'd)

2. Regulations

- a. These services are restricted to low income residential customers. To qualify for Lifeline service a customer must certify and provide documentation as income eligible. For a consumer to be eligible under the income requirements, the consumer's household income as defined in § 54.400(f) of the FCC Rules must be at or below 135% of the Federal Poverty Guidelines for a household of that size or a recipient of benefits from any one of the following Entitlement Programs: (C)
1. Medicaid; (C)
 2. Supplemental Nutrition Assistance Program (SNAP) F/K/A Food stamps;
 3. Supplemental Security Income;
 4. Federal Public Housing Assistance (Section 8);
 5. Low-Income Home Energy Assistance Program (LIHEAP);
 6. National School Lunch Program's free lunch program;
 7. Temporary Assistance for Needy Families/SafetyNet; (C)
 8. Veterans Disability Pension
 9. Veterans Surviving Spouse Pension

*Issued in Compliance with FCC Order in Dockets: WC Docket No. 11-42, WC Docket No. 03-109, CC
Docket No. 96-45, WC Docket No. 12-23*

Date Issued: May 30, 2012

Date Effective: July 1, 2012

Issued by: Robert R. Puckett, President

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany 12211

P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9
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SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE (cont'd)

2. Regulations (cont'd)

b. The Lifeline discount is effective upon receipt of a completed form of eligibility. If the form is not returned, no further action is taken by the Company to establish eligibility.

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c. The Company, in coordination with appropriate agencies and the Lifeline Customer, will require Lifeline customers to be re-certified, on an annual basis. Lifeline customers will need to certify that they continue to be eligible to receive these Lifeline benefits and that they are not receiving benefits from another company. If, a customer is identified as being ineligible, the customer will be notified that unless the information is shown to be in error, the Lifeline discount will be discontinued. The customer will be billed for discounts received for the time that they were proven to be ineligible for the service.

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3. Locality Charge Waiver

Customers receiving Lifeline Telephone Service will have applicable locality charges waived each month while they are receiving the Lifeline Assistance.

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4. Voluntary Toll Blocking (Restriction)

Customers receiving Lifeline service can voluntarily request and receive toll blocking (call restriction), third number billing/collect call restriction without a monthly charge. There will be no record order charge to add these types of restrictions (blocking).

Issued in Compliance with FCC Order in Dockets: WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23

Date Issued: March 29, 2012

Date Effective: April 29, 2012

Issued by: Robert R. Puckett, President

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany, NY 12211

Company Name: State Telephone Company
Calendar Year: 2012

Lifeline Services Offered by Telephone Company

Service Name	Non-Discounted Rate	Total Minutes Provided	Description of Additional Toll Charges (if any)	Lifeline Rate
Residential Access Line Base Rate	\$10.59	flat rate local	not included	\$4.84

Any bundled service that includes local telephone service is also made available to lifeline customers.
The associated price would include the same lifeline discount(s) identified above .

Certification of Officer for Carriers that are Not Audited

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; the reporting carrier is not audited in the normal course of business; and, to the best of my knowledge, the reported financial information is accurate.

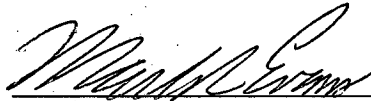
Name of Reporting Carrier:

State Telephone Company

Study Area Code of Reporting Carrier:

150125

Signature of Authorized Officer:



Date:



Printed Name of Authorized Officer:

Mark R. Evans

Title or Position of Authorized Officer:

Vice President

Telephone Number of Authorized Officer:

(518) 731-6128



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
State Telephone Company & Subsidiaries:

We have reviewed the accompanying consolidated statement of assets, shareholders' equity and liabilities - statutory basis of State Telephone Company & Subsidiaries (all New York corporations) as of December 31, 2012 and the related consolidated statements of net income and shareholders' equity - statutory basis and consolidated cash flows - statutory basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the statutory basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Accountants. Those standards require us to perform procedures to obtain limited assurance that there were no material modifications that should be made to the financial statements. We believe that the results of our procedures provides a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the statutory basis of accounting, as described in Note 1.

Bogush & Grady CPAs LLP

Rhinebeck, NY
February 12, 2013

STATE TELEPHONE COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF ASSETS
SHAREHOLDERS' EQUITY AND LIABILITIES - STATUTORY BASIS
at December 31, 2012

ASSETS - STATUTORY BASIS

Regulated Assets

Investment in telephone plant at cost:	
Telephone plant in service	\$ 22,797,145
Less: accumulated depreciation	<u>17,030,602</u>
	<u>5,766,543</u>

Current Assets:

Cash and cash equivalents	41,010
Accrued income receivable	54,694
Accounts receivable, trade	299,038
Materials and supplies, at average cost	366,154
Prepaid expenses	99,289
	<u>860,185</u>

Other Current Assets	551,216
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Deregulated Assets

Equipment	2,694,219
Less: accumulated depreciation	<u>1,159,171</u>
	<u>1,535,048</u>

Current Assets:

Cash	132,273
Accounts receivable	33,922
Inventory	10,413
Other	444,750
	<u>621,358</u>

Other Non-Current Assets	303,341
	<u>\$ 9,637,691</u>

SHAREHOLDERS' EQUITY AND LIABILITIES - STATUTORY BASIS

Shareholders' equity:

Common stock, State Telephone Co	
8,000 shares authorized, issued, and outstanding	\$ 80,000
Accumulated other comprehensive loss	(223,317)
Unappropriated earned surplus	<u>5,355,969</u>
	<u>5,212,652</u>

Regulated Liabilities

Current Liabilities:

Account payable, trade	98,614
Current maturities of long term debt	97,854
Demand Notes	376,667
Customers' deposits	9,147
Taxes payable	4,855
Other accrued liabilities	64,612
	<u>651,749</u>

Long Term Liabilities:

Accrued pension	1,562,820
Deferred income taxes	899,405
Deferred income taxes law changes	162,743
Long term debt	1,148,322
	<u>3,773,290</u>

	<u>\$ 9,637,691</u>
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See accountants' report. See notes to financial statements

STATE TELEPHONE COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF NET INCOME AND SHAREHOLDERS' EQUITY - STATUTORY BASIS
for the year ended DECEMBER 31, 2012

Gross operating revenues:	
Local service	\$ 1,180,420
Access service	1,746,445
Long distance service	599,317
Miscellaneous	106,841
	<u>3,633,023</u>
Operating expenses	5,068,406
Net operating loss	<u>(1,435,383)</u>
Other income (expense):	
Interest expense	(76,741)
Interest income	23,857
Dividend income	26,491
Other	(30,980)
Revenue from deregulated operations	1,204,960
	<u>1,147,587</u>
Income before federal income taxes	<u>(287,796)</u>
Provision for federal income taxes:	
Current	(54,042)
Deferred	(348,311)
	<u>(402,353)</u>
Net income	114,557
Shareholders' equity - beginning	4,934,998
Dividends Paid	(112,000)
FASB 158 - net of taxes	<u>275,097</u>
Shareholders' equity - ending	<u>\$ 5,212,652</u>

See accountants' report. See notes to financial statements

STATE TELEPHONE COMPANY & SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS - STATUTORY BASIS
for the year ended DECEMBER 31, 2012

Net cash flows from operating activities:	
Net income	\$ <u>114,557</u>

Adjustments to reconcile net income
to net cash provided by operating
activities:

Depreciation and amortization	895,191
Accrued income receivable	6,360
Accounts receivable	(141,217)
Materials and supplies	145,574
Prepaid expenses	(12,501)
Other current assets	(731)
Other non-current assets	(447,020)
Accounts payable trade	(12,803)
Customer's deposits	(750)
Taxes payable	89,139
Other accrued liabilities	195
Deferred charges	<u>223,201</u>
Total adjustments	<u>744,638</u>

Net cash flows provided by operating activities	<u>859,195</u>
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Cash flows from investing activities:

Purchase of equipment	(749,536)
Purchase of investments	(283,732)
Decrease in principal on loans receivable	55,409
Increase in notes receivable	<u>(98,000)</u>

(1,075,859)

Cash flows from financing activities:

Dividends	(112,000)
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Net increase (decrease) in cash	<u>(328,664)</u>
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Cash and cash equivalents, beginning of year	<u>501,947</u>
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Cash and cash equivalents, end of year	<u>\$ <u>173,283</u></u>
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Supplementary information to statement of cash flows:

Interest paid	\$ <u>76,740</u>
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Income & State taxes paid during year	\$ <u>105,395</u>
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